



U.S. ATTORNEY'S QUARTERLY

Two More Brothers Convicted Of Human Trafficking

PHILADELPHIA – On February 24, 2015, a federal jury returned guilty verdicts against Mykhaylo Botsvynyuk, and his brother Yaroslav Botsvynyuk, a/k/a Yaroslav Churuk, both Ukrainian nationals living in Canada, on charges stemming from a human trafficking scheme. Each defendant faces up to 20 years in prison. These two brothers, along with brothers Omelyan and Stepan Botsvynyuk, who were convicted at trial in October of 2011, smuggled young Ukrainian immigrants into the United States. A fifth brother, Dmytro Botsvynyuk, remains in Ukraine, a country that has not entered into an extradition treaty with the United States. The defendants prom-

ised their victims they would earn \$500 per month with free room and board by working for them. But, instead, the brothers forced their victims to work for little or no pay as cleaning crews in retail stores, private homes, and office buildings. The defendants used physical force, threats of force, sexual assault, and debt bondage to keep the victims in involuntary servitude. Even after some of the victims escaped, the defendants continued with their extortionist activities in order to recoup the organization's investment in the workers. If direct threats failed and the workers did not return or make good on their debts, the

Botsvynyuk brothers threatened violence to the workers' families still residing in Ukraine. Workers were struck and beaten, sometimes in the presence of others, if they attempted to quit or leave the employ of the Botsvynyuk brothers.

Mykhaylo and Yaroslav Botsvynyuk are awaiting sentencing. In 2012, Omelyan Botsvynyuk was sentenced to life in prison plus 20 years; Stephan Botsvynyuk was sentenced to 20 years in prison; each was ordered to pay \$288,272.29 in restitution.

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Charges Filed In Alleged Fraud Bailout Scheme

In January, an indictment charged

Brian Hartline, of Collegeville, PA, and Barry Bekkedam, of Hobe Sound, FL, in a fraud conspiracy involving NOVA Bank, where Hartline served as President and Chief Executive Officer and Bekkedam had served as Board Chairman. The alleged scheme involved the Troubled Asset Relief Program (TARP) and was devised in an attempt to defraud the government of more than \$13 million. The defendants are each charged with conspiracy to defraud the United States, TARP fraud, two counts of false statements to the federal government, and bank fraud. Bekkedam is additionally charged with two counts of wire fraud. Bekkedam and Hartline, with others, formed NOVA Bank in 2002. Bekkedam also owned and operated a financial advisory company, Ballamor Capital Management, and allegedly advised Ballamor clients to invest in NOVA. But in 2008, NOVA faced risk of failure because of bad loans and investments. Its investors were at risk of losing their investments. In October 2008, NOVA Financial Holdings, Inc., of Berwyn, Penn., the parent company of NOVA Bank, applied for approximately \$13.5 million in taxpayer bank bailout funds through the U.S. Department of the Treasury TARP. In June 2009, NOVA Bank was approved to receive the TARP funds on the condition that the bank raise \$15 million in additional, private capital. The bank was ultimately unable to raise private capital, did not receive TARP funds, and in October 2012, the bank failed and was closed by state and federal banking regulators.

According to the indictment, Bekkedam and Hartline devised a scheme in which NOVA would loan money to G.L., a Florida businessman, for G.L. to transfer to NOVA's parent company so it would appear as though the bank had new capital from an outside investor. On June 30, 2009, NOVA wired \$5 million to G.L.'s bank account in Florida and, approximately two hours later, G.L. wired \$5 million to an account used for investments in NOVA Financial Holdings, Inc. It is further alleged that in October and December 2009, Bekkedam and Hartline convinced two others to make similar "investments" using loans from NOVA, in efforts to make NOVA appear more financially sound than it actually was. The defendants also allegedly told and directed employees to tell the U.S. Department of Treasury that NOVA had raised new capital when it had not. According to the indictment, the defendants concealed the true purpose of the loan to G.L. and falsely stated the purposes of the other two loans.

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TAX SEASON BRINGS CHARGES AND GUILTY PLEAS

In January, tax preparer David Nixon, the owner of Economy Tax Services in Philadelphia, was charged with preparing materially false federal income tax returns for tax years 2007 through 2009 for his clients, which included fraudulent credits for children, earned income, tuition and fees, and residential energy efficiency property; incorrect filing status; and false or falsely inflated Form 1040 Schedule A deductions for charitable contributions and employee business expenses. The returns reduced the amount of tax the clients owed and increased the amount of their refunds. Nixon's clients received more than \$200,000 in fraudulently inflated refunds.

Andys O. Rodriguez was sentenced to 30 months in prison and was ordered to pay restitution of \$2,904,783.64. Rodriguez admitted that between August 17, 2010 and January 31, 2012, he knowingly filed false tax returns with the IRS claiming refunds in the names of other individuals. The returns included W-2 forms falsely claiming that taxes were withheld by various employers. The IRS identified more than 600 false returns that were associated with this scheme.

William J. Frio pleaded guilty to his role in a tax evasion scheme involving the Nifty Fifty's restaurant chain. Frio was the sixth defendant to plead guilty in the long-running scheme to avoid paying millions of dollars in personal and employment taxes, by failing to properly account for more than \$15 million in gross receipts. Frio also pleaded guilty to filing his own false tax returns, aggravated structuring of financial transactions, and loan fraud.

Tax preparer Crystal Graham was sentenced to 12 months in prison and ordered to pay restitution of \$266,243 to the IRS for filing false claims through federal income tax returns she prepared. Graham created bogus wage statements and other false financial information which she placed on tax returns that she prepared for individuals for the purpose of obtaining tax refunds in the names of the filers. Graham also had her clients sign statements giving her the authority to deposit the clients' refund checks into her savings account, or to have the refund checks placed on prepaid access devices. This gave Graham the ability to take a substantial portion of the fraudulent refunds before giving her clients the remainder. Graham is now prohibited from preparing tax returns.

Felicia Anne Straub was sentenced to six years in prison for wire fraud, aggravated identity theft, and tax evasion. Between September 5, 2006 and December 26, 2010, Straub was the office manager of Financial Adjuster's, Inc. She embezzled FAI funds of at least \$459,332 and used the money to pay for personal purchases of goods and services and to pay her husband's personal credit card bills. Straub was also ordered to repay the \$459,332.

CIVIL CASES

In January, Bellante Properties, of Lehigh County, PA, and its owners Vincent Fantozzi and Bernard Fantozzi, agreed to pay the government \$19,120 to resolve allegations surrounding federally-funded rental assistance payments it received. According to a civil complaint, Bellante Properties received rent subsidy payments from the Lehigh County Housing Authority while unlawfully requiring a tenant to pay supplemental rental payments disguised as trash removal fees. Bellante Properties and its principals, Vincent Fantozzi and Bernard Fantozzi, are also barred for three years from participation in HUD's Section 8 program.

In February, Silicon Power Corporation, a manufacturer of semiconductor devices and high-power utility systems in Malvern, PA, agreed to pay \$265,000 to resolve civil allegations that the facility overbilled and mischarged the United States Army under two contracts. It was alleged that Silicon Power billed: the same amount on multiple vouchers; sums reflected in purchase orders when the invoices reflected lower actual costs; sums that subcontractors had credited back to Silicon Power; sums that reflected accrued expenses when Silicon Power incurred lower actual invoiced expenses; sums that failed to reflect volume discounts that Silicon Power received; sums for travel expenses that were higher than Silicon Power's internal cost reports for the travel; sums that Silicon Power carried over from previous vouchers without adjusting to reflect current costs; and sums for project numbers for which the contracts did not allow payment.

Dentex Dental Mobile, Inc. ("DDMI"), a Pennsylvania corporation, agreed to implement a non-discrimination policy, conspicuously post that policy, and adequately train employees and contractors regarding the policy. As a result of its investigation, the United States determined that a DDMI mobile clinic, stationed in Chester, PA, refused to treat a patient, who was previously treated at its mobile clinic and who had disclosed his HIV status in paperwork at both visits. The Office Manager allegedly referred the patient to an AIDS clinic for further assistance. According to the Americans with Disabilities Act, a healthcare provider cannot refer a patient with HIV or AIDS to another provider simply because the patient has HIV or AIDS. The agreement is in effect for two years.

In March, the Office of United States Attorney launched a review of 25 of Philadelphia's most popular restaurants to determine if they are in compliance with the Americans With Disabilities Act of 1990 (the "ADA"). The initiative is in accordance with the Government's congressionally-mandated responsibility to review compliance with the ADA. It is not in response to any specific complaint against a restaurant. Restaurant owners are requested to complete a Survey Form, supplied by the Government, pertaining to their restaurant's accessibility. Investigators may then conduct on-site inspections to confirm survey responses and to evaluate compliance with federal ADA regulations. Owners and operators found to be non-compliant will have the option of entering into a Voluntary Compliance Agreement with the Government whereby they voluntarily agree to upgrade their facilities to meet ADA requirements. Owners and operators found to be engaging in a pattern or practice of discrimination, or that fail to enter Voluntary Compliance Agreements, may face a civil lawsuit brought by the Government.



PILL MILL DOCTORS

William J. O'Brien, III was charged in January with running a "pill mill" from his medical offices in Philadelphia and Levittown, PA. It is alleged that O'Brien would provide prescriptions for addictive and dangerous controlled substances for a fee and without a physical examination or any other medical care or treatment. O'Brien typically charged customers \$250 cash for the first appointment to buy prescriptions and \$200 for each appointment to obtain refills. He allegedly falsified "medical" records to make it look as though customers had received physical examinations and medical treatment from him when they had not.

In February, Dr. Jeffrey Bado was charged with illegally distributing pain medications from his Philadelphia and Bryn Mawr medical offices. Bado allegedly gave prescriptions for large numbers of oxycodone pills to "patients" who paid in cash for an "office visit" during which the "patient" would receive at most a cursory physical examination and little other medical care or treatment. During their first visit to Bado's practice, new patients would still get prescriptions for large amounts of oxycodone even though they provided little or no recent medical records to verify their claim of pain, or provided medical records that were not consistent with their claims of pain.

In March, Dr. Cynthia Masso, a physician licensed in Pennsylvania and New Jersey, was charged with obtaining controlled substances by fraud. It is alleged that Masso wrote approximately 496 fraudulent prescriptions in the names of various family members, in the name of another individual, and in the names of fictitious "patients," in order to obtain quantities of those controlled substances. She then, allegedly, posed as a nurse named "Lisa Johns" in order to have the prescriptions filled at local pharmacies.

Dr. Mudassar Sharif, of NJ, was charged with illegally dispensing prescription pills through Garden State Primary Care, which he owned. It is alleged that Sharif dispensed and distributed oxycodone outside the usual course of professional practice and for no legitimate medical purpose. It is further alleged that Sharif wrote the prescriptions in five or six names and eventually began to sell oxycodone pills for \$15 per pill and \$3,000 for prescriptions.

FRAUD DOCTOR

Dennis Erik Fluck Von Kiel, of New Tripoli, PA, pleaded guilty to defrauding the IRS and the Department of Health and Human Services out of hundreds of thousands of dollars. Von Kiel, the former medical director of Lehigh County Prison (LCP), engaged in a series of illegal schemes which were designed to help him evade creditors, including the Department of Health and Human Services to whom Von Kiel owed hundreds of thousands of dollars in outstanding medical school loans. He tried to defraud the IRS in order to avoid paying more than \$200,000 in duly-owed personal income taxes. Von Kiel also lied on applications to the Department of Education for financial student aid for four of his children, which enabled them to receive more than \$36,000 in federal Pell Grants for their college educations. Von Kiel tried to file a fraudulent claim for social security disability benefits by falsely claiming that he suffered from post-traumatic stress disorder. He also intentionally made a false statement under oath in a bankruptcy proceeding. Von Kiel is a doctor of osteopathy whose medical practice included treating inmates at LCP from approximately March 1989 until approximately August 2013. Most of Von Kiel's schemes involved him pretending to become a minister of a "church" called the International Academy of Lymphology (which later changed its name to the International Academy of Life and then the Christian Forum Assembly), purporting to take a "vow of poverty," and then claiming that he had no taxable income because his earnings belonged to the "church." Von Kiel then used the money to pay for all of his family's day-to-day living expenses and to buy some luxury items.

OUTREACH

In January, Attorney General Eric Holder came to Philadelphia to participate in a Building Communities of Trust roundtable discussion, which served as an opportunity for stakeholders to discuss steps that the administration can take to improve relationships between law enforcement and the community, increase the integrity within our justice system and share best practices for policing. The event was part of the Obama Administration's commitment to building trust between local police and the communities they serve,

In March, U.S. Attorney Zane David Memeger hosted a discussion, led by the Department of Justice's Office of Community Oriented Policing Services and Director Ronald Davis, on the release of Collaborative Reform Initiative: An Assessment of Deadly Force in the Philadelphia Police Department. The report details the findings and plan of action for reform at the Philadelphia Police Department. The COPS office first announced the beginning of the Collaborative Reform Review in 2013, at the request of Philadelphia Police Commissioner Charles Ramsey. The scope of the work announced included an assessment of policies, training, and operations as they relate to use of force, taking into account national standards, best practices, current and emerging research, and community expectations. The Office of Community Oriented Policing Services developed the Collaborative Reform Initiative for Technical Assistance in 2011 as an independent and objective way to transform a law enforcement agency through an analysis of policies, practices, training, tactics and accountability methods around key issues facing law enforcement today.



CRIME & PUNISHMENT:



CHARGED:

January 2015:

Brian Hartline, of Collegeville, PA, and Barry Bekkedam, of Hobe Sound, FL, were charged in a fraud conspiracy involving NOVA Bank, where Hartline served as President and CEO and Bekkedam had served as Board Chairman. The alleged scheme involved the Troubled Asset Relief Program (TARP) and was devised in an attempt to defraud the government of more than \$13 million.

Laura Wayne, of Coatesville, PA, was charged with bilking retirement accounts at the Comcast Corporation. Wayne was an administrator of employee retirement accounts at Comcast when she allegedly created dummy retirement accounts and used the accounts to steal approximately \$124,876. It is further alleged that Wayne used the fake on-line accounts to direct that retirement funds from the dummy accounts be transferred to bank accounts that she controlled.

February 2015:

Barbaranne Siebert, of Philadelphia, was charged with theft of government funds for allegedly receiving retirement benefits intended for her mother, after her mother's death. The defendant's alleged actions resulted in a loss to the government of approximately \$44,788.20.

March 2015:

Shirley Goldwire, of Philadelphia, PA, was charged with receiving retirement benefits intended for her husband, after her husband's death. The defendant is also alleged to have stolen money intended for a friend of her ex-husband, who was also deceased at the time of the defendant's husband's death. The alleged actions resulted in a loss to the government of approximately \$264,021.

CONVICTED:

January 2015:

Joseph Dougherty, former Secretary/Business Manager of Local 401, was found guilty by a federal jury, of racketeering conspiracy, malicious damage to property by means of fire, use of fire to commit a felony, attempted malicious damage to property by means of fire, and conspiracy to damage property by means of fire. Dougherty's 11 co-defendants, also members of Local 401, pleaded guilty.

February 2015:

Christopher Saravello pleaded guilty to a scheme to extort drugs and money from drug dealers and drug buyers while working as a Philadelphia Police Officer. He was charged with one count of conspiracy to commit Hobbs Act extortion and five counts of Hobbs Act extortion. The scheme resulted in the illegal taking of more than \$9,800 in drug money and quantities of Oxycontin and other narcotics.

March 2015:

Christine Yoder, of Philadelphia, PA, pleaded guilty in a case of child exploitation that involved the sexual abuse of a six year old and a 16 month old. Yoder sent a photograph to an undercover FBI agent of a 6-year-old ("Minor #1"), which depicted that child engaging in sexually explicit conduct. Thereafter, Yoder offered to fly Minor #1 to Detroit for sexual activity. Yoder also produced pornographic photographs of a 16-month old.

SENTENCED:

January 2015:

Kenneth Narzikul was sentenced to 37 months in prison, \$1.2 million in restitution, a fine of \$7,500, and three years of supervised release for committing major fraud against the

United States, obstructing a federal audit, and making false claims to the government. Narzikul admitted that he schemed to fraudulently divert and steal progress payments that the United States paid his company under two contracts to produce parts for Army helicopters. Narzikul also made false claims to the government so he could continue to receive progress payments. Narzikul admitted that he tried to cover up his fraud by lying to government auditors and submitting false documents.

Felicia Anne Straub, of Easton, PA, was sentenced to six years in prison for wire fraud, tax evasion and aggravated identity theft. Between September 5, 2006 and December 26, 2010, Straub was the office manager of Financial Adjuster's, Inc. She embezzled FAI funds of at least \$459,332 and used the money to pay for personal purchases of goods and services and to pay her husband's personal credit card bills. She was also ordered to repay the victim.

February 2015:

Former Philadelphia Police Officers Jonathan Garcia and Sydney Joanis were sentenced to 210 months and 63 months, respectively, for a scheme to rob drug dealers of their cash proceeds. Both pleaded guilty conspiracy to commit robbery, robbery, attempted robbery, and a gun charge. Garcia also pleaded guilty to distribution of heroin.

Walter Alston Brown, of Virginia, and Cynthia Evette Brown, of Philadelphia, were each sentenced to 15 years in prison for a multi-million dollar mortgage fraud scheme. Walter Brown was one of the four owners of KREW Settlement Services.

He and Cynthia Brown conspired to commit: loan and wire fraud, false statements in an FHA loan, and loan fraud. The two were among 17 defendants charged in the case. The conspirators inflated purchase prices on loan documents for more than 100 Philadelphia properties resulting in more than \$20 million in fraudulent loan proceeds. In addition to the prison terms, Walter Brown was ordered to pay \$7,213,123 in restitution to the victims of his fraud; Cynthia Brown was ordered to pay \$7,488,608.48 in restitution. Both defendants were also ordered to complete five years of supervised release.

March 2015:

Nazariy Kmet, a co-owner and the President of Life Support Ambulance Corporation (Life Support), was sentenced to six years in prison for health care fraud conspiracy and paying kickbacks. Kmet, or others acting on his behalf, falsified reports to make it appear that patients needed to be transported by ambulance when he knew that the patients could be transported safely by other means and that many of them were able to walk. Kmet paid kickbacks to patients for using Life Support as opposed to another ambulance company. Kmet was ordered to pay restitution of \$1,912,526.32 to Medicare.

Sidenote:

You can find press releases about the cases we charge on our website:

www.justice.gov/usao/pae